

RESEARCH ARTICLE

Does It Matter What People Lie About?

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Abstract

We investigate whether people's moral judgments of lies in pre-contractual negotiations differ from their views on whether such lies should give the deceived party a legal right to rescind the contract, and whether these judgments depend on the content of the lie. In a vignette study with 832 German students and 885 participants from Germany, Italy, and the United States, respondents evaluated a range of common negotiation lies. Across samples, participants were generally more likely to deem a lie immoral than to believe it should justify rescission, but the size of this gap varied depending on the lie's subject. Lies about the subject matter of the contract or the reservation price tended to elicit similar moral and legal assessments. In contrast, lies about product availability or alternative offers were frequently judged immoral yet not seen as warranting rescission. These findings contribute to psychological research on normative beliefs and inform legal debates about the normative foundations of contract law.

1 Introduction

Contract law may reflect different values, including efficiency, distributional justice, or morality. Importantly, conflicts can arise between these values, leading to incompatible outcomes. For instance, contract law may permit behavior that is efficient yet immoral. An example is breach of contract, which in many countries is legally permissible so long as the injured party is compensated, but is often regarded as morally unacceptable by those who see it as a broken promise (Wilkinson-Ryan and Baron 2009; Wilkinson-Ryan and Hoffman 2010; Mittlaender 2019; Seligman 2019).¹

In this paper, we adopt an empirical approach to examine conflicts in ordinary people's beliefs regarding lying in pre-contractual negotiations. We investigate whether individuals deviate from their moral assessment of lying behavior when assessing whether it should give a right to contract rescission. Our findings indicate that in certain cases, individuals consider a particular lie to be immoral but do not believe it warrants an equitable remedy for the

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¹ For theoretical approaches to the morality and efficiency of contractual breach see: Shavell (2006), Shiffrin (2006), Shavell (2009), Shiffrin (2009), Kraus (2009).

deceived party. This result is consistent across three countries — Germany, Italy, and the US — which differ significantly in their general legal systems, particularly in how they address pre-contractual lies in contract law.

Our focus is on the use of deception in business-to-business contract negotiations, a ubiquitous yet morally ambiguous behavior that is given special legal consideration. Negotiators frequently resort to bluffing, lying, misrepresenting, and deceiving² in their negotiations (Jung 2021). They may bluff about their preferences, emotions, reservation prices, alternatives to a negotiated contract, product availability, or the legal landscape, among other things. Despite being classified as “black lies,” which serve the self-interest of the deceiver (Erat and Gneezy 2012; Dugar et al. 2019), some of these deceptive tactics are even recommended in the negotiation literature as essential skills for a successful negotiator (Shell 1991; Alexander and Sherwin 2003; Lakhani 2007; Guth 2007).

Lying is a prevalent business tactic in negotiations, but legal systems differ in how they treat such conduct. In Germany, contract law provides a broad right to rescind a contract when a party was induced to contract by an intentional and causal misrepresentation. In contrast, Italy and the United States impose stricter requirements. Italian law requires that the lie be *dolus causam dans* — meaning the deception must have played a decisive role in the decision to contract. US law generally requires that the lie be material and that the deceived party’s reliance on it be justifiable. Despite these differences in doctrinal thresholds, legal systems typically do not classify lies based on their specific subject matter — such as whether the lie concerns a personal preference, product availability, or internal policy. Rather, the evaluation focuses on the lie’s legal relevance (e.g., whether it was material or causative), not on what kind of thing the lie was about. This absence of formal subject-matter categorization means that two lies of different types might receive similar legal treatment if they meet the same legal threshold, and vice versa (Jung 2024).³

In this paper, we investigate whether people’s assessments of the moral wrongfulness of lying differ from their judgments about how such lies should be addressed by law — specifically, whether the deceived party should have a right to rescind the contract. Drawing on previous research (Kahneman, Schkade, and Sunstein 1998; Alter et al. 2007; Schleim 2010), we hypothesized that people may apply different modes of reasoning when evaluating the morality of deception compared to its legal consequences. In particular, individuals might adopt a more deontological approach — focused on duties and the intrinsic wrongness of lying — when assessing morality, but consider consequences, social norms, and practical implications when deciding whether a lie should render a contract voidable.

Our second aim is to examine whether moral and legal assessments vary depending on the subject of the lie. We do not assume that participants fall neatly into “deontological” or “consequentialist” camps. Instead, we draw on these normative perspectives to formulate hypotheses about whether different lies will be judged differently. Prior work shows that moral judgments often involve both rule-based and outcome-based considerations. Thus, we predict that participants will perceive variation across lies: even though every lie ends in a contract, some lies (e.g. about core product features or legality) plausibly impose much greater harm on the deceived person than others (e.g. about a negotiator’s personal

² All four terms will be used synonymously in this article. For the purpose of this research, we adopt a definition of a lie (bluff, misrepresentation or deception) as any intentionally false statement (Bok 2011).

³ Lying in pre-contractual negotiations could also trigger tort liability and give the deceived party a right to claim damages. In this paper, however, we focus on contract law and contractual remedy in form of rescission of a contract.

preferences or reservation price). Accordingly, participants may judge these lies differently in moral and legal terms. For example, a lie that creates clear harm for the deceived party may elicit stronger condemnation and support for legal remedy, whereas minor bluffing may be seen as acceptable practice. This approach allows us to explore not whether people are strictly deontologists or consequentialists, but how lie content shape public intuitions about morality and law in contract negotiations.

To test our predictions, we conducted two vignette studies (N=832 and N = 885), with bachelor and master students in Germany and with Prolific participants from Germany, Italy and the US.⁴ By conducting studies in three different countries, we were able to investigate whether the main effects observed in a German student sample can be generalized to other contexts that differ in terms of their legal systems (common vs. civil law) and specific laws related to deception in pre-contractual negotiations. In both studies, participants were presented with nine scenarios depicting situations in which one party deceives the other during a business-to-business negotiation. The scenarios vary in terms of the specific topic of the lie, such as alternative offers or product availability. We do not specify outcomes; instead, participants can infer that certain lies (e.g. lying about safety standards) carry serious negative consequences for the deceived party, whereas others (e.g. lying about fan affiliations) most likely carry minimal cost.

The lies in our scenarios are self-serving and do not aim to benefit the recipient or a wider group. In this respect, they align with what prior research terms “*black lies*” — deceptive acts intended to advance the deceiver’s interests at the expense of others (Erat and Gneezy 2012). Each vignette presents such a lie and explicitly notes that a contract was concluded, making clear that the deception is embedded in the contracting process rather than standing as an isolated event. Under §123(1) of the German Civil Code, these lies would, under the prevailing strict interpretation, provide grounds for rescission. By contrast, in the United States and Italy, some of these lies may not be sufficient to justify rescinding the contract.

For each vignette, respondents provided dichotomous judgments on two outcome measures. First, they classified the deception as morally acceptable or immoral. Second, they indicated — yes or no — whether the lie should entitle the deceived party to rescind the resulting contract. Our analysis compares the distribution of these responses across the nine lie types, with particular attention to instances in which a lie is judged immoral yet not viewed as warranting rescission. All evaluations were rendered from a third-party perspective.

Our studies indicate that, in pre-contractual negotiations, individuals are more likely to consider lying as immoral rather than a valid reason for rescinding a contract. However, this distinction does not apply to all types of lies. Specifically, when it comes to lies about the subject matter of a contract or the reservation price, participants’ moral assessments align with their beliefs about whether such behavior should grant a right to rescission. Participants generally deem misrepresentations about the contract’s subject matter immoral and believe they should trigger a right of rescission, whereas they find lies about the reservation price morally acceptable and not warranting rescission. In the case of other types of lies, such as when the seller deceives about product availability or alternative offers, we found that many participants were more inclined to view the act as morally wrong, but simultaneously believed that it should not warrant rescinding a contract.

⁴ Some preliminary results of this study have been reported in Jung (2019). In that paper, the author focused on differences in evaluations of lies between Germans and American students. That paper addresses the divergence of the two legal systems over time and the historical reasons for the development of the German law. In this context, the author compared the moral assessment and the beliefs concerning legal remedies of German and US students.

Our studies found that the general trends we observed held true in three countries: Germany, Italy, and the US. However, we also identified some differences between these samples. Specifically, we found that the gap between the share of participants who thought that lying is immoral but did not believe it should grant a right to rescind was smaller in the US compared to Germany and Italy. In the US, we found that participants were less likely to believe a lie should grant a right to rescind than to morally disapprove of it in three cases: when the seller deceives about product availability, alternative offers, or personal preferences. In contrast, in Italy and Germany, this pattern also applied to lies about the buyer's alternative offers and when a negotiating party lies about being under time pressure to conclude the contract.

Our findings contribute to the literature on the relationship between people's moral assessments of behavior, their normative expectations about the legal response to this behavior, and their legal knowledge. Previous studies have revealed that individuals often lack accurate knowledge of the law's content (e.g., Pleasence et al. 2017; Kim 1999; Sommers 2021). Instead, they tend to assume that the law aligns with what they believe it should be. In other words, individuals often substitute their normative expectations for actual legal knowledge (Kim 1999). This underscores the importance of examining people's normative expectations about legal rules, as these expectations may predict their beliefs about the law's content.

Interestingly, our studies reveal that individuals' beliefs about what the law should be do not always align with their perceptions of the immorality of behaviors subject to legal consequences. This finding resonates with prior research indicating that consumers may expect the law to enforce contractual terms to which they have consented, even when this is perceived as unfair (Furth-Matzkin and Sommers 2020). While previous scholarship has largely attributed such discrepancies to the principle of consent — suggesting that individuals believe the law enforces contracts simply because they were consented to, regardless of potential deception — our research indicates that these discrepancies may also be influenced by the nature of the deception itself, independent of consent.

Finally, our findings raise important questions for the normative debate on whether contract law should align with people's moral judgments. Some contract theorists argue that legal rules should reflect or be compatible with widely held moral beliefs (Fried 2015; Eisenberg 2018; Shiffrin 2006). Others emphasize that it is equally important to consider what people believe the law ought to be (Larenz 1965; Venzlaff 1973; Jung 2020) or their broader preferences regarding legal regulation (Hoffman & O'Shea 2001). Our study, alongside prior research, suggests that people hold multiple types of normative expectations — moral assessments, legal intuitions, and policy preferences — that are closely related but not identical. These may be shaped by different psychological mechanisms and may diverge in meaningful ways. We suggest that any normative argument for aligning law with public expectations should begin with a clearer understanding of how these different expectations are formed and how they function. In particular, future research should explore whether violations of distinct normative expectations — such as moral judgments versus beliefs about what the law should be — trigger different behavioral responses. It may be, for instance, that individuals react more strongly when their expectations about legal remedies are unmet than when their personal moral standards are violated.

2 Background

2.1 Empirical Research on People's Normative Beliefs

According to normative theories, moral dilemmas can be evaluated from two perspectives — deontological or consequential. The first one is concerned with the morality of an action itself viewed in terms of a person's rights and duties, whereas the second one takes into consideration the consequences of an action. According to an absolute deontologist view, a lie would be deemed immoral even if it does not cause any harm (Kant 1797/1996). Other deontological views will condemn lying because it causes harm, either in the form of infringing upon the autonomy of the deceived or violating the deceived individual's preferences not to be lied to (Zamir and Medina 2010). In contrast, from a consequential perspective, the immorality of lying depends on its overall outcomes. Some lies in negotiations may lead to negative economic consequences, such as increased transaction costs (Posner 2014) or the dilution of truth signals provided by non-liars (Porat and Yadlin 2015). Other lies, however, may be desirable from a consequentialist perspective given their positive effects, such as anti-abuse lies (i.e., lies committed to avoid the violation of one's own or others' rights), paternalistic lies, or truth-revealing lies (i.e., lying in order to extract information from others, Porat and Yadlin 2015).

The consequences of lies may depend on their subject (Alexander and Sherwin 2003; Jung 2021). Many lies indeed lead to negative economic consequences, such as lies about the subject matter of a contract or the actual price of a good. Others, however, produce no or only minor negative economic effects, such as lying about emotions or lying that a price is a special offer or a "mates rate." In some instances, bluffs may even bring about a marginally positive outcome (Jung 2021). From a normative point of view, such lies may be morally approved if evaluated considering their consequences.

In this paper, we look at whether these normative, i.e. deontological and consequential, distinctions in the moral evaluation of lies in negotiation are reflected in people's judgments when evaluating lies about various subjects in pre-contractual negotiations. Historically, people's moral judgments have been associated with careful reasoning (Kohlberg 1969), but this view has been questioned by Haidt (2001). More specifically, the dual-process theory of moral judgment posits that deontological judgments are associated with intuitive thinking, whereas consequential evaluations are related to more effortful and deliberate processing (Greene 2009). Furthermore, several studies showed that moral judgments are predominantly a result of intuitive and emotional responses (Haidt 2001; Greene 2001; Greene and Haidt 2002). Based on these studies, it is likely that many people when prompted to indicate whether they find a lie immoral will answer intuitively and condemn it, which would be in line with a deontological judgment. On the other hand, those who prefer to rely on deliberation (Cacioppo and Petty 1982) will engage in a consequential evaluation (Bartels 2008) and are likely to find lies with no negative or with positive effects morally acceptable.

Previous research in business ethics has found that people indeed differentiate between various pre-contractual negotiation tactics when evaluating their appropriateness (Lewicki and Robinson 1998). For instance, hiding one's bottom line, (i.e., the lowest price the seller is willing to accept or the highest price the buyer is willing to pay) or persuading the buyer that he has no good alternatives to the seller's offer, is perceived as acceptable behavior. Also, bluffs about the desired price and the sales probability are classified as ethical or ethically neutral (Anton 1990). In contrast, misrepresenting factual information to strengthen own position in negotiations is perceived as inappropriate (Lewicki and Robinson 1998; Robinson, Lewicki and Donahue 2000). Further research revealed that lying with regard to emotional

states by, for instance, pretending to like the opponent, is assessed as more ethically appropriate than informational lying (Fulmer, Barry and Long 2008). Not all of the negotiation tactics examined in these papers involved “black lies” or illegal practices. Nevertheless, the results suggest that in some situations lying in negotiations is perceived as morally acceptable. One potential reason for such results is that some people assess lies from a consequentialist perspective and come to the conclusion that these lies will not lead to negative consequences. Alternatively, some types of lies may have become very common negotiation practices or even be perceived as a virtue, and thus morally acceptable even when assessed intuitively (Haidt 2001).

Psychology and business ethics research focused predominantly on studying whether people find specific behavior immoral. Research comparing people’s normative views on morality and legal remedies for specific behavior is scarce and has usually looked into people’s beliefs regarding criminal behavior, i.e., whether specific behavior should be criminalized and what should be an appropriate punishment (e.g., Dölling 1985; Darley 2001).

In contract law, Weintraub (1992) asked legal counsels of various businesses which legal solutions they would favor in a breach of contract case. The results showed that a majority of respondents would hold the breacher accountable even if a contract had been repudiated before any of the parties relied on it. This suggests that moral convictions (i.e., promises need to be kept) may be related to beliefs about legal remedies for contractual behavior. Wilkinson-Ryan and Baron (2009) studied how people’s moral judgments about the breach of contract differ depending on various features of the scenario such as the breachers’ motivation and intentions or timing of damages negotiations. Their results revealed that the assessment of legal remedies is very much related to moral evaluations. Even when prompted to assess damages from the economic perspective, the amount of damages granted by participants for various types of contractual breaches did not differ from the amount awarded when assessing the breach from the moral perspective. Although both studies showed that moral judgments and views on adequate remedies are strongly related, their design does not allow looking more closely into situations where the two may nevertheless diverge.

Yet, there is some evidence suggesting that the decision-making process involved in assessing whether the behavior is immoral and whether it should lead to a legal remedy may differ. First, Kahneman, Schkade, and Sunstein (1998) who studied the relationship between punitive intent and outrage suggested that “an action can be judged more or less outrageous without reference to its consequences. Consequences, however, are important to punishment in law, and we suspected that they would also be important to lay intuitions about the proper punishment for reprehensible actions.” Indeed, their results revealed that outrage was independent of the size of harm caused by an action, but both punitive intent and imposed damages were related to the severity of harm. Similar behavior was observed by Alter et al. (2007) who found that moral wrongfulness is unaffected by the harmfulness of an act and is a strong predictor of the punishment for transgressions. Yet, punishment does differ depending on whether harm was inflicted or not. Finally, cognitive neuroscience research showed that legal judgments seem to involve both — so-called “moral brain”, but also rule-based reasoning (Schleim et al. 2010), suggesting that indeed legal assessment may be related to more effortful reasoning and thus more likely take into account the consequences of a lie as well as other factors than its moral wrongfulness. It is also likely that, when assessing whether the law should react to various types of lies, people take into account factors that are irrelevant for the assessment of moral wrongfulness (e.g., the likelihood of actually voiding the contract) but may play a role when evaluating whether a lie should give the deceived party a right to rescind the contract.

2.2 Legal Status of Lying in Pre-contractual Negotiations in Germany, Italy and the US

In this paper, our goal is to investigate whether people's moral beliefs about lying in pre-contractual negotiations and their beliefs about whether a lie should give a right to rescind a contract are contingent on the subject of the lie, and to identify any discrepancies between these assessments, particularly for certain types of lies. Additionally, we aim to explore whether people's assessments of the morality and legal consequences of lying, and any divergences between them, are consistent across various legal systems and whether they depend on the actual legal status of lying in pre-contractual negotiations. To this end, we conducted our studies with participants from three countries: Germany, Italy, and the United States. We selected these countries due to their fundamental structural differences in legal systems (common law vs. civil law). Importantly, despite these structural differences, Italian and US law yield similar outcomes, while German law offers a distinct approach regarding lying in pre-contractual negotiations (Jung 2024).

German law is particularly encompassing, treating even relatively harmless lies as illegal. Section 123(1) of the German Civil Code states: "A person who has been induced to make a declaration of intent by deceit (...) may avoid its declaration." Thus, German law provides that the deceived party has a right to rescind a contract if the other party actively and intentionally lies about a fact, and this lie induces an error in the deceived party (see, e.g., Armbrüster 2018; Wendtland 2020). Importantly, the harmfulness of a lie is not a legal requirement under Section 123 of the German Civil Code, as the provision aims to protect the individual's freedom of decision and informed consent rather than material outcomes (e.g. Weiler 2002).⁵

In contrast, the US concept of misrepresentation only allows the deceived party to void the contract in some circumstances taking into account whether the deceived party was justified in relying on the false assertion, the importance of the lie (materiality), whether it was a fraudulent or innocent misrepresentation and whether the deceived party has been induced to assent to the contract (Farnsworth 2019). Hence, US law leaves a great deal of room for interpretation due to its many broad concepts (Perillo and Calamari 2009), which allows for results that are more in line with common business practices.

Italian law, as outlined in Article 1439(1) of the Italian Civil Code, allows the deceived party to void a contract only if the party demonstrates that they would not have consented to the contract had they known the true facts (*dolus causam dans*). If the deception merely led the party to agree to different terms (*dolus incidens*), the contract remains valid. This emphasis on *dolus causam dans* imposes a higher burden on the deceived party seeking rescission. Compared to the German legal system, Italian law imposes a greater responsibility on the deceived party and distinguishes between *dolus bonus* and *dolus malus*. The former, understood as harmless bluffs, does not warrant contract rescission (Bianca and Bianca 2018; Bonilini et al. 2012).

⁵ This expansive view is supported in the legal literature (e.g., Armbrüster 2018; Wendtland 2020), and distinguishes German contract law from systems such as the US, which require materiality and justifiable reliance. Under §123 BGB, what matters is whether the deceived party's decision was causally induced by an intentional misstatement of fact, not whether the lie was reasonable or significant in the eyes of a third party. While this formal doctrine theoretically allows rescission even for seemingly trivial lies (e.g., about the weather or a personal detail), in practice such cases are unlikely to succeed. Courts may reject claims for implausibility, and there is no case law on extreme edge cases. Our discussion of German law reflects this black-letter standard, not empirical rates of litigation or enforcement.

3 Methods: Siegen Questionnaire

3.1 Participants

Eight hundred and thirty-two students participated in the first study (49% women, 47% men, 4% did not report their gender). Two students did not provide answers to any of the questions; therefore, 830 participants were included in the analysis.⁶ Almost all participants were bachelor's and master's students of business administration, business law, and the "Small and Medium Enterprises" program at the University of Siegen (Germany). The study was conducted in class and took about 15–20 minutes. It was a paper-and-pencil questionnaire administered in German, and participation was voluntary.

In the second study, 901 respondents from Germany, Italy and the US were recruited via Prolific. The pool from which the samples were drawn was restricted to participants born in a given country and speaking fluently this country's language. Sixteen participants failed both attention checks, and these observations were dropped from further analysis, resulting in the following number of participants per country: 295 each from Germany and Italy, and 294 from the US. 30% participants were fully-employed, 18% part-time employed and 14% unemployed and job seeking.⁷ 32% of participants declared to have a student status. The gender distribution of the sample was balanced with 48% women and 49% men, 1.5% non-binary, 0.6% other and 0.7% preferring not to say (see Annex 2 for more detailed information on demographics in each of the Prolific samples). The study was programmed using Qualtrics and took about 6 minutes. Participants received £0.90 as a participation fee.⁸

3.2 Materials and Procedures

In the first study, the questionnaires were distributed at the beginning of a lecture and instructors stayed in the classroom during the study. The students were informed that the questionnaire is part of a research project, that it does not require any previous knowledge but is rather asking about their own opinion, and that there are no right or wrong answers. Additionally, participants were assured that the study is fully anonymous and that no personal information is collected that would allow identification. The questionnaire sheets were gathered by students and brought to the instructor in piles. With very few exceptions, all students returned a filled-out questionnaire.

In the second study, participants first read the general instructions. They included similar wording to the first study (i.e., "Answering these questions requires no prior knowledge. There are no right or wrong answers. We just want to know your opinion!"). Next, they were informed about the terms of their participation in the study and asked to provide their consent. Participants who did not consent to these terms were not able to continue with the experiment. Once the consent was obtained, participants were asked to provide their Prolific ID and were presented with the first attention task that asked them to click at least three times on the screen before moving forward. Participants who failed this attention check were

⁶ 762 students provided answers to all questions. Incomplete questionnaires were included in the analyses. The results remain the same when we exclude the incomplete questionnaires from the analyses.

⁷ Roughly one-fifth of respondents either declined to report their employment status or had it flagged as "DATA EXPIRED" — a Prolific label indicating that the participant has not refreshed that prescreen response for some time, so the platform treats it as missing data. Just over 6% reported that they were not in paid work, nearly 9% chose "Other," and the remainder indicated that they expect to start a new job within the next month.

⁸ Hypotheses for the second study were pre-registered in Open Science Framework: <https://osf.io/xw3de/>.

informed about it immediately and could decide to quit the study. Afterward, participants were informed that they will be presented with a few scenarios describing negotiations between two business partners. Depending on the country, the questionnaire was formulated in English, German or Italian.

Vignettes (see Annex 1 for an English version) included nine scenarios describing B2B contract negotiations (i.e., negotiations between two business parties). All negotiations ended with the conclusion of a contract.⁹ In each scenario, one of the parties intentionally deceived the other party about a fact and thereby affected the results of the negotiations. Each lie was an intentional lie about facts. All bluffs were “active lies”, i.e. we did not include deceptions by omission. The scenarios were short, formulated in a neutral and simple language; in particular, no words such as “lying” or “deceiving” were used. Care was taken not to use legal terminology. Throughout the questionnaire, the negotiating parties were described without using names but instead as, for instance, buyer (B) and seller (S) or buyer (B) and manufacturer (M). The scenarios did not describe the exact consequences of those lies.

We implemented a within-subject design, which means that each participant saw all nine scenarios. The sequence of scenarios varied between participants to reduce order effects. In Study 1, which used a paper-and-pencil format, we created nine versions of the questionnaire that differed in scenario order. Different versions were distributed across sessions, but we could not control the exact order in which participants completed the scenarios. In Study 2, implemented entirely online, scenario order was fully randomized at the individual level.

Participants were asked two questions about each scenario and asked to evaluate lies from the perspective of a third party. The first question inquired whether they find the behavior of the lying person morally acceptable or immoral. This phrasing was chosen to reduce potential bias toward moral condemnation by offering a neutral contrast category rather than a positively valenced one like “moral.” Participants could choose between the two options by checking a box next to it. Hence, the questionnaire asked participants directly about their moral assessment. Our measure of people’s normative beliefs about legal remedies was operationalized by a question on whether the deceived party should have a right to void the contract. The answer options were also binary: yes or no. Since we were interested in comparing these two assessments, we found it important to ask both questions next to each other. This is to make sure that participants in our study indeed distinguish between the two evaluations.

In the first study, participants did not receive any compensation, whereas in the second study participants received fixed payment which should motivate them to focus on the study. Participant’s earnings, however, did not depend on their answers in the questionnaire. Such a method is appropriate given that we study people’s personal normative beliefs. Differently from social normative beliefs, personal normative beliefs are first-order beliefs — they are not contingent on other people’s normative beliefs (Bicchieri, Lindemans and Jiang 2014). We are therefore not interested in incentivizing participants to match their responses to the responses of others but rather finding out what their personal preferences are.¹⁰

⁹ The scenarios for German students were in German and did include some very minor differences (e.g., not in all scenarios participants read an explicit statement that the contract was concluded) in comparison to the scenarios distributed on Prolific.

¹⁰ This would be the case with social norms defined as “collective perceptions, among members of a population, regarding the appropriateness of different behaviors.” Given such a definition, using an incentivized method to elicit people’s beliefs about social norms (such as the one suggested by Krupka and Weber (2013)) may indeed diminish the risk that participant’s responses will be affected by experimental demand effect or concerns about self-image.

The scenarios differ with regard to the subject of deception, many of them reflecting common negotiation tactics (Jung and Krebs 2019).¹¹ We described the following lies:

- **PERSONAL PREFERENCES:** One of the negotiating parties misrepresents personal preferences, namely being a fan and a registered member of a soccer team fan club.
- **TIME PRESSURE:** Buyer lies about time pressure to finish the negotiation (he claims that he really needs to catch a flight, which, in fact, can be easily rescheduled).
- **RESERVATION PRICE:** Buyer makes a false statement about how much he is actually willing to pay for a machine.
- **PRODUCT AVAILABILITY — SELLER:** Manufacturer lies that he can produce only one machine by a specified date. In fact, he has five machines in stock.
- **ALTERNATIVE OFFER — SELLER:** Manufacturer lies about an alternative purchase request. In fact, no such request was made.
- **ALTERNATIVE OFFER — BUYER:** Buyer lies about a competing offer. He is willing to buy a machine if the seller meets this alternative offer. In fact, the alternative offer is less attractive to the buyer — the machine will be ready at a later date and will be worse equipped.
- **INTERNAL COMPANY POLICIES:** Seller lies about internal company policies that do not allow him to change the terms of the contract. However, in fact, he can change them.
- **SUBJECT MATTER — SELLER:** Seller lies about the performance of the machine.
- **LEGAL SITUATION — ILLEGALITY:** The buyer has requested that the machine has specific features, but the manufacturer has rejected this request on the grounds that it would make the machine incompatible with safety standards. However, the machine with the requested features would actually comply with all relevant legal safety requirements.

At the very end of the questionnaire, participants were additionally asked whether they consider themselves successful negotiators both privately and professionally (yes/no). We also asked them to describe their personal moral standards (low/average/high) and report their gender (first study: male/female, second study: male/female/non-binary/other (please specify)/prefer not to say).

4 Hypotheses

From a strictly deontological perspective, all the lies described in the scenarios would be considered immoral. However, prior research suggests that individuals also take into account the consequences of lying and prevailing business norms when evaluating the morality of such actions. As a result, participants are unlikely to apply a purely deontological standard and judge all lies as immoral. Instead, they may assess whether the lie causes harm, violates fairness expectations, or contradicts prevailing norms of honesty in negotiation contexts.

The consequences of pre-contractual lies vary depending on their subject. Some may result in significant material harm to the deceived party — for example, lies about the subject matter of a contract, which could cause them to pay for something that lacks promised

¹¹ While all vignettes were designed to describe intentional and active misrepresentations of fact, some scenarios — such as the buyer's claim of "needing to catch a flight" — may be open to more charitable or strategic interpretations. To reduce this ambiguity, each scenario included a clarifying sentence indicating that the statement was untrue in context (e.g., the flight was easily reschedulable). However, we acknowledge that participants may have varied in how literally or generously they interpreted such statements, reflecting the real-world ambiguity of pre-contractual negotiation tactics.

characteristics. Others may have less obvious consequences — for instance, a lie about personal preferences might simply make the speaker appear more likable. Yet even such lies can distort the decision-making process by withholding relevant information or discouraging the deceived party from seeking better alternatives. We anticipate that participants will recognize these distinctions and differentiate between types of lies in their moral assessments, judging as more immoral those that are likely to cause substantial harm, and showing greater leniency toward those with minimal perceived consequences.

What, then, about people's views on whether the deceived party should have a right to rescind the contract? While prior research shows that moral judgments influence attitudes toward legal remedies, it also suggests that consequential considerations play a more prominent role in shaping legal evaluations than moral ones. Harmfulness — including economic loss or safety risk — may be central to determining whether legal redress is warranted, even when it is less influential in moral judgment. Moreover, moral assessments often rely on intuitive, deontological reasoning, whereas legal evaluations may engage more deliberative, consequentialist reasoning (e.g., Schleim et al. 2010). Thus, some lies may be judged immoral but still not seen as justifying a legal remedy.

Based on these premises, we test the following hypotheses:

Hypothesis 1: People's assessments of whether a lie is immoral and whether it should give rise to a right of rescission will vary depending on the subject of the lie.

Hypothesis 2: In general, respondents will be more likely to judge a lie as immoral than to believe it should justify rescission.

Hypothesis 3: The size of the difference between moral and legal assessments will vary depending on the subject of the lie.

The third hypothesis builds on the notion that not all lies produce the same degree of divergence between moral and legal judgments. Some lies — such as those involving safety risks or legal compliance — may be viewed as both morally wrong and legally actionable, leading to relatively small moral-legal gaps. Others, such as lies that feel immoral but appear to cause minimal or only indirect harm, may provoke moral condemnation without support for legal intervention. Dual-process models further suggest that certain types of deception may elicit intuitive disapproval, while legal reasoning remains more cautious or ambivalent. Accordingly, we expect the size of the moral-legal gap to vary systematically with the nature and perceived impact of the lie.

Do we expect these predictions to hold across legal systems? Prior research shows that laypeople have limited knowledge of legal doctrine (Darley et al. 2001; Pleasence et al. 2017; Kim 1999; Sommers 2021; Prescott and Starr 2024), but it would be too strong to assume they are entirely unaware of relevant rules. People may hold folk intuitions or vague beliefs about when the law permits rescission — especially in cases involving deception. These beliefs can, in turn, influence both moral assessments and normative views about legal remedies. For instance, several studies suggest that legal norms can shape moral evaluations, but these typically involve informing participants explicitly about the law (Depoorter and Tontrup 2012; Chen and Yeh 2025). Importantly, informing people about their legal rights has been shown to affect both their moral judgments of transgressive behavior and their willingness to punish offenders (Depoorter and Tontrup 2012). While this work does not examine the divergence between moral and legal views directly, it supports the idea that both can be shaped by legal knowledge.

In our studies, however, participants were not given any information about the actual law, and there was no reason to assume they had specific doctrinal knowledge. While it remains possible that beliefs about the law could influence responses we see no evidence that this would systematically differ across countries or disrupt the core psychological patterns we hypothesize. If anything, it is notable that despite substantial legal variation, prior work finds surprisingly similar public beliefs about contractual rights across jurisdictions (Prescott and Starr 2024). Accordingly, while legal context may affect the *level* of both endorsement for rescission as well as moral acceptability in some scenarios, we expect the structure of responses to be stable across countries. Specifically, we predict that participants in Germany, Italy, and the United States will all (1) differentiate between types of lies, (2) judge more lies as immoral than warranting a right to rescind, and (3) show variation in the moral-legal gap depending on the subject of the lie.

5 Results

In both studies, the number of respondents who assessed all nine lies described in the scenarios as immoral and the number who thought all lies should correspond with a right to rescind the contract were minuscule. In total, only 19 out of 1,717 participants found all nine lies to be immoral, and only five respondents thought that all deceptions described in the nine scenarios should render the contracts voidable. This indicates that barely anyone follows an absolutist deontological approach when assessing whether a lie is immoral.

Figure 1 underscores substantial heterogeneity in both moral evaluation and preferred legal remedy across lie types. In the German student sample, 85% deemed a misrepresentation concerning the contract's subject-matter immoral, whereas only 6% reached the same judgment for a lie about personal preferences; the German Prolific sample displays a comparable gradient. In the Italian and US samples, 82% and 79% of respondents, respectively, classified a lie about the legal situation as immoral, whereas only 7% in each sample assigned that judgment to a lie about the reservation price.

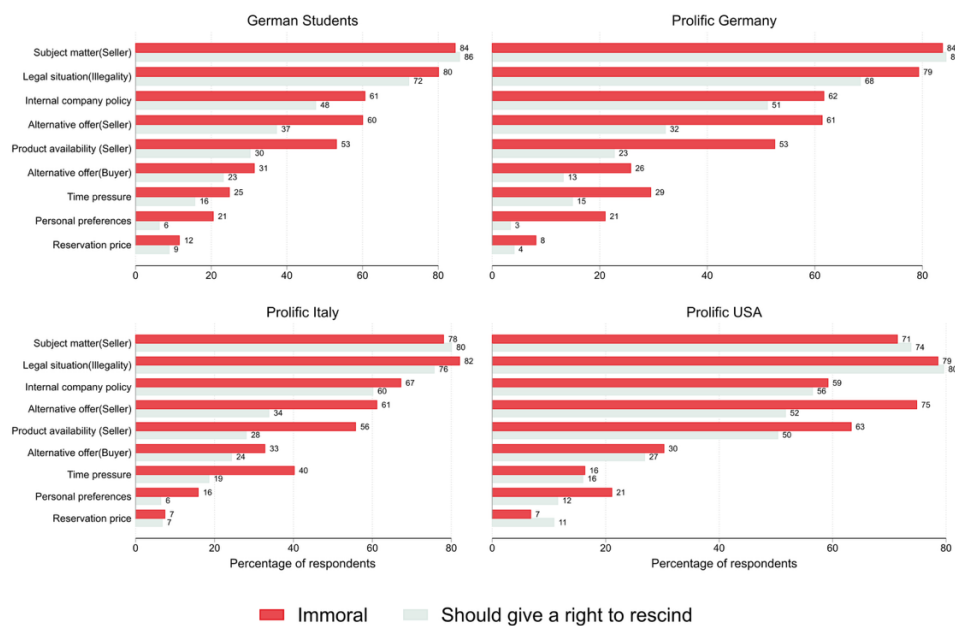


Figure 1. The percentage of respondents who found a given lie immoral and the percentage of respondents who indicated that a lie should give the deceived party a right to rescind the contract. All percentages were calculated excluding missing responses.

Legal-remedy assessments largely track these moral evaluations. 86% of German students and 84% of German Prolific respondents believed a seller's lie about the subject matter should render the contract voidable, yet only 12% and 8%, respectively, would grant rescission for a lie about the reservation price. Parallel patterns emerge in the two other samples: 80% of Italian participants endorsed rescission for subject-matter lies and 80% of Americans for lies about the legal situation, whereas only 7% (Italy) and 11% (US) would extend that remedy to reservation-price deception.

Table 1. Conditional (fixed-effects) logistic regression.

	German Students		Germany Prolific		Italy Prolific		US Prolific	
	Immoral	Right to rescind	Immoral	Right to rescind	Immoral	Right to rescind	Immoral	Right to rescind
Scenario:								
PerPref	-3.58*** (0.15)	-4.96*** (0.19)	-3.67*** (0.24)	-5.84*** (0.41)	-3.46*** (0.24)	-4.76*** (0.31)	-2.58*** (0.21)	-3.55*** (0.25)
ProAvail(S)	-1.84*** (0.13)	-2.87*** (0.14)	-1.88*** (0.22)	-3.26*** (0.23)	-1.21*** (0.20)	-2.74*** (0.22)	-0.43* (0.19)	-1.15*** (0.19)
AltOf(S)	-1.50*** (0.13)	-2.53*** (0.13)	-1.42*** (0.22)	-2.67*** (0.22)	-0.95*** (0.20)	-2.41*** (0.21)	0.20 (0.20)	-1.08*** (0.19)
AltOf(B)	-2.91*** (0.14)	-3.29*** (0.14)	-3.35*** (0.24)	-4.07*** (0.26)	-2.34*** (0.21)	-2.97*** (0.22)	-2.02*** (0.20)	-2.34*** (0.20)
TPres	-3.30*** (0.14)	-3.84*** (0.15)	-3.12*** (0.23)	-3.90*** (0.26)	-1.96*** (0.20)	-3.38*** (0.24)	-2.95*** (0.23)	-3.12*** (0.23)
IntComPol	-1.49*** (0.13)	-2.04*** (0.13)	-1.40*** (0.22)	-1.74*** (0.21)	-0.64** (0.20)	-1.11*** (0.20)	-0.62*** (0.19)	-0.86*** (0.19)
LegSit	-0.34* (0.14)	-0.88*** (0.13)	-0.34 (0.23)	-0.93*** (0.21)	0.29 (0.22)	-0.28 (0.21)	0.43* (0.20)	0.35 (0.20)
ResP	-4.36*** (0.17)	-4.56*** (0.17)	-4.91*** (0.30)	-5.60*** (0.38)	-4.47*** (0.30)	-4.70*** (0.30)	-4.08*** (0.30)	-3.63*** (0.25)
Observations	7,061	7,170	2,610	2,610	2,583	2,592	2,592	2,601
Individuals	797	811	290	290	287	288	288	289
Pseudo R2	0.325	0.372	0.361	0.462	0.334	0.403	0.356	0.331

Note: The outcome variables are responses to the two questions – one about morality of a lie and the second one on whether a lie should give a right to rescind a contract. Scenario variable is dummy coded with the scenario about the subject of a contract serving as a reference category. PerPref – Personal preferences, ProAvail(S) – seller lying about product availability, AltOf(S) – seller lying about the alternative offer, AltOf(B) – buyer lying about the alternative offer, TPres – lie about time pressure, IntComPol – lie about internal company policies, LegSit – lie about legal situation, ResP – lie about reservation price. * $p < .05$ ** $p < .01$ *** $p < .001$. Standard errors reported in parentheses.

To statistically examine whether the assessment of lies varies depending on the subject of the lie, and to account for repeated measures (since each participant evaluated all nine scenarios), we conducted conditional (fixed-effects) logistic regressions on participants' responses regarding moral acceptability and legal consequences. We performed these analyses separately for each of the four samples, treating the subject of the lie as a categorical variable and using a lie about the subject matter of a contract as the reference category (see Table 1). When jointly testing the effect of the lie's subject on moral assessment and participants' beliefs about whether the lie should grant a right to rescind a contract, we found significant effects across all four samples ($\chi^2(8) > 498.89$, $p < .001$).

In the next step, we tested whether, overall — i.e., regardless of the subject of the lie — participants were more likely to assess lies as immoral than to indicate that they should give a right to rescind a contract. Figure 2 presents the results aggregated across all scenarios. Using a McNemar test to account for repeated measures (each participant answered both questions — one about immorality and one about the legal consequences), we demonstrated that in all four samples, participants were more likely to assess lies as immoral than to believe they should result in an equitable remedy ($\chi^2(1) > 39.82$, $p < .001$).

Does this difference hold for all the lies? Or are there lies where these views align, i.e., people think a lie is immoral and should give a right to rescind a contract and others where they diverge? To address these questions, we tested whether the difference between the proportion of responses indicating that the behavior of a lying party is immoral and the proportion indicating that it should grant the deceived party a right to rescind the contract was significant across each of the nine scenarios. To account for repeated measures, we applied the McNemar test. Since we ran this test separately for each scenario, we corrected p-values for multiple comparisons using the Bonferroni correction.

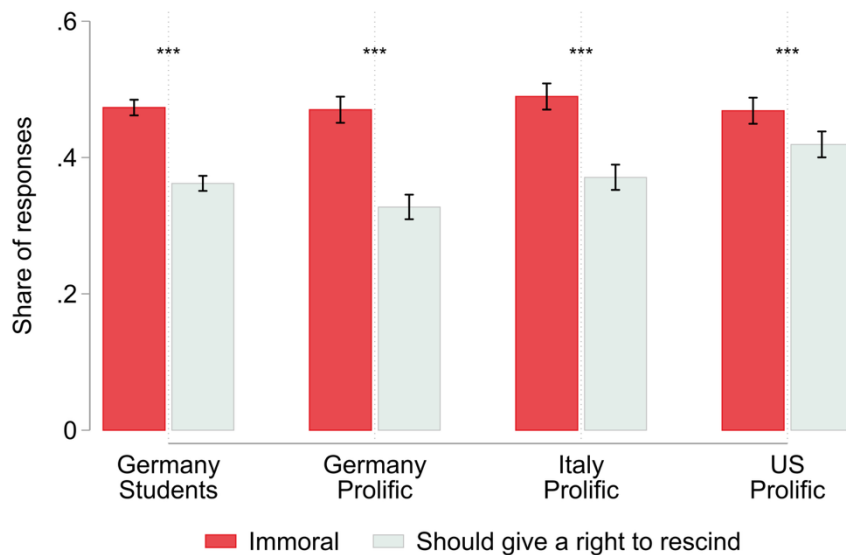


Figure 2. Share of responses finding that a lie is immoral and share of responses finding that a lie should give a right to rescind a contract in all four samples. The spikes represent 95% confidence intervals. * $p < .05$ ** $p < .01$ *** $p < .001$.

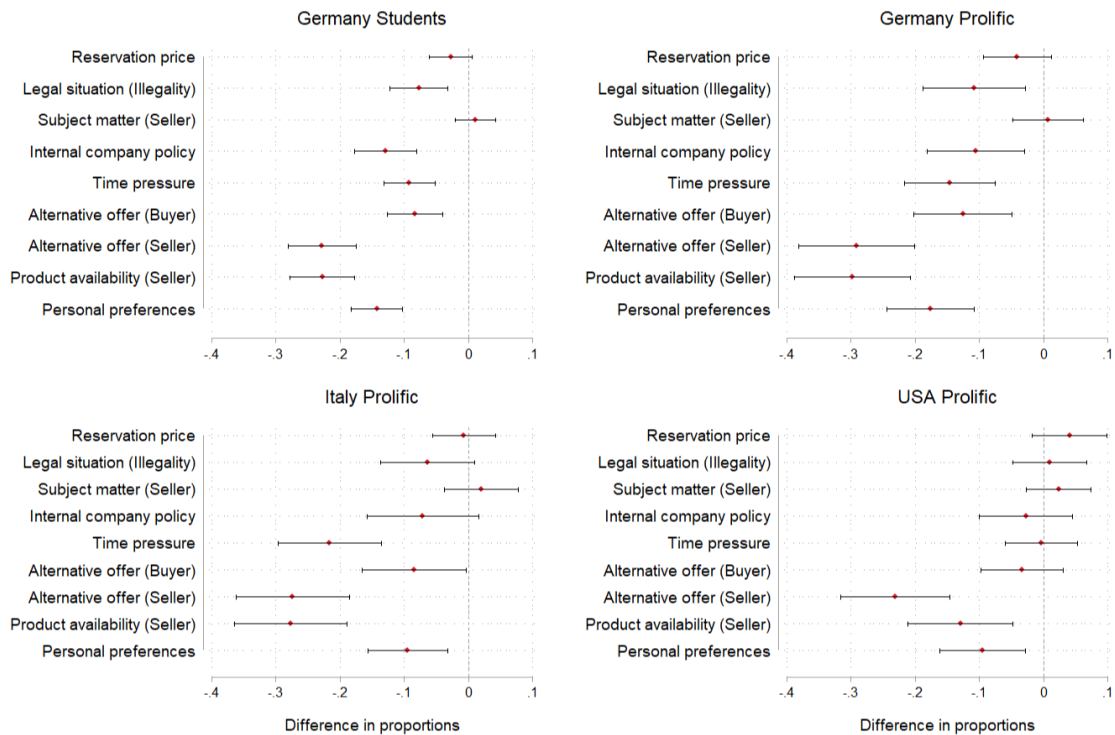


Figure 3. Difference in the proportion of responses finding a lie immoral and indicating that it should warrant contract rescission across all four samples and for each lie individually. The spikes represent 95% confidence intervals, adjusted for multiple comparisons using the Bonferroni correction.

Figure 3 shows that German students and the German Prolific sample found 7 out of 9 lies more likely to be immoral than to believe these lies should lead to legal consequences. In contrast, this pattern emerged for only 5 out of 9 lies in the Italian sample and 3 out of 9 in the American sample. Interestingly, participants across all four samples consistently found three types of lies more likely to be immoral than to justify contract rescission: when a seller lies about product availability, claims to have an alternative offer, or when a negotiator lies about personal preferences. On the other hand, participants showed no significant difference in assessing the immorality and legal consequences of lies about the subject matter of the contract and the reservation price.

Finally, we explored whether the proportion of individuals who judge a lie immoral yet reject legal consequences varies by three characteristics: country of origin, self-rated moral standards, and negotiating skill. Two-proportion z-tests compared the share of “immoral-but-no-rescission” responses across Germany, Italy, and the United States. Italians did not differ significantly from Germans ($z = -1.29$, $p = .19$). Americans, however, chose this response pattern far less often than Germans ($z = -7.09$, $p < .001$), indicating that US participants are less inclined to treat an immoral lie as legally inconsequential.

We next asked whether self-perceived moral standards or negotiating skill affect the likelihood of answering “immoral, but no rescission.” Respondents who rated their own moral standards as high chose this combination significantly more often than those who rated them low (22% vs. 15%; $z = -3.65$, $p < .001$), whereas the average group did not differ from the low group. By contrast, the share of “immoral-but-no-rescission” judgments among

participants who reported high negotiating skill did not differ significantly from that of the low-skill group ($z = 1.78, p = .07$).¹²

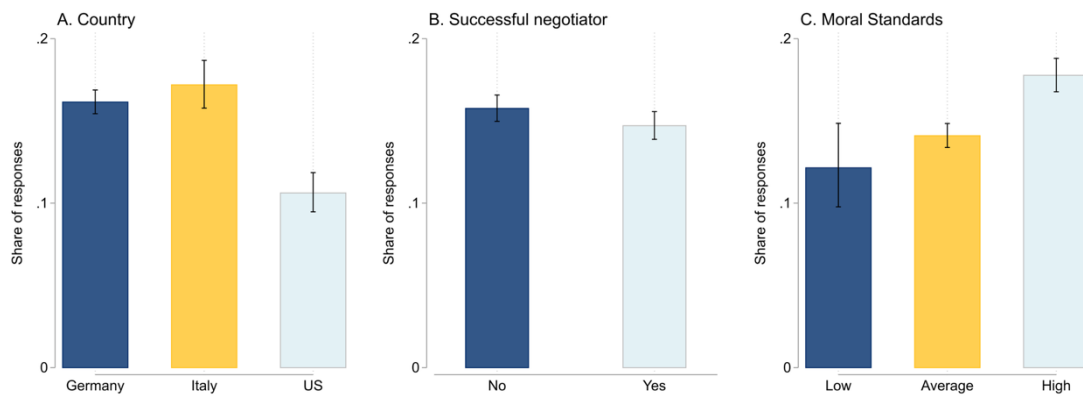


Figure 4. Proportion of responses indicating that a lie is immoral but does not warrant contract rescission, by country, self-evaluation as a successful negotiator, and self-evaluation of moral standards. We created a variable for responses where participants assessed a lie as immoral but simultaneously indicated that it should not warrant contract rescission. The figures display the proportion of such responses. The spikes represent 95% confidence intervals.

6 Discussion and Limitations

Participants judged lies about core contractual matters (subject matter, safety features) much more harshly than lies about peripheral issues (reservation price, timing, personal likes). Even though all lies resulted in contract formation, the high-stakes deceptions were seen as both immoral *and* warranting rescission, whereas low-stakes deceptions were largely forgiven on both counts. This pattern indicates that people's judgments pivot on the implied harm of the deception, not merely on the act of lying per se. In other words, a lie that clearly imposes significant loss on the deceived party is widely condemned, whereas a bluff that is unlikely to result in severe consequences for the deceived party is often treated as normal business practice. These results align with moral psychology and business ethics: people tend to punish intentional harms (Ames and Fiske 2013), but tolerate benign rule-breaking or strategic behavior (Theoharakis et al. 2021).

We confirmed that moral condemnation and normative expectations about legal sanctions do not always go together. Many lies (especially about product availability or alternative offers) were deemed immoral by most participants, yet these same lies were often not seen as sufficient grounds for rescission. Conversely, lies about reservation price or preference showed little gap between moral and legal views. This suggests that participants are not simply following a single moral rule; instead, they appear to weigh additional factors

¹² Annex 2 provides a more detailed analysis of how people's assessments of immorality, their views on whether a lie should grant the deceived party a right to rescission, and the divergence between these two judgments vary across demographic characteristics. Overall, we found few statistically significant effects. Specifically: students were significantly less likely than non-students to believe that a lie should give rise to a right of rescission; black respondents were more likely than White respondents to judge lying as both immoral and deserving of legal remedy; participants over age 65 and those identifying as Asian were less likely to show divergence between moral and legal judgments; students and participants of mixed racial backgrounds were more likely to show such divergence.

(perceived consequences or fairness) when thinking about remedies. For example, some lies may trigger an emotional sense of betrayal or violate a fairness norm without causing tangible harm, leading people to call them “morally wrong” while still regarding a rescission as too heavy-handed a response. In line with dual-process models, the moral judgment may be more affective, whereas the legal judgment more deliberative (Bartels 2008). Descriptive social norms likely also play a role: when a deceptive tactic is seen as common in negotiations, people may feel it violates morality but nonetheless “shouldn’t be illegal” simply because it is expected behavior.

Although our study offers insight into the divergence between moral and legal evaluations, it does not identify the precise mechanisms behind these differences. We did not directly measure perceptions of harm, fairness, or frequency of deceptive tactics. Future research could explore these mediators to clarify which exact features of a lie drive moral condemnation versus support for legal remedies, and under what conditions the two diverge.

We observed that, even when a deliberate misrepresentation induces contract formation, participants do not consistently judge the lie as either immoral or deserving of rescission. This pattern held across all three countries — Germany, Italy, and the United States — despite substantial doctrinal variation in how pre-contractual deception is treated under their respective legal systems. Our central aim was to test whether the core effects generalize across different jurisdictions: two civil-law systems (Germany and Italy) and one common-law system (the US). The consistency of our findings suggests that shared psychological mechanisms underlie judgments about deception, independent of legal background.

At the same time, we recognize that broader institutional, cultural, and legal factors may shape these assessments to some degree. For example, survey evidence indicates that trust in courts and legal institutions is generally higher in Germany (58%) than in Italy (43%) (OECD 2024). However, both countries score relatively low on the prevalence-of-rule-violations index, which has been linked to dishonest behavior (Gächter & Schulz, 2016). Rule-of-law assessments also vary: Germany typically ranks highest, followed by the United States and then Italy (World of Justice Project 2024). Interestingly, however, Americans report the highest confidence in their constitutional system, despite lower institutional rankings (OECD 2024). In business contexts, German and US organizations tend to have more developed compliance infrastructures, yet employees in Germany and Italy are less likely than Americans to report observed misconduct (IBE 2024).

Taken together, these findings suggest that while all three countries display relatively strong institutional trust and rule-following norms in comparative perspective, the internal picture is more complex. No single country stands out as uniformly high or low across all dimensions of legal confidence, institutional behavior, and regulatory culture. These nuances underscore the importance of considering — but not overstating — the role of national context in shaping moral and legal judgments. The replication of our main findings across jurisdictions suggests that, despite such differences, certain evaluative patterns may be broadly generalizable.

Another limitation concerns the hypothetical nature of our study. While the use of vignettes enabled us to present participants with a standardized set of cases, we cannot be certain how people would respond when observing or experiencing deception directly. Moreover, the absence of incentives raises the possibility that participants' answers reflected social desirability or self-image concerns. However, since the design was fully within-subject and the content of scenarios varied randomly, such biases are unlikely to explain the nuanced differences we observed across types of lies or between moral and legal judgments.

A further limitation is that we studied pre-contractual deception in a business-to-business (B2B) context but relied on lay samples. While participants were not legal or negotiation

professionals, our focus was on public expectations — normative beliefs that matter when evaluating whether the law aligns with societal standards. Previous research has found that even non-professionals form coherent views about what contractual behavior is fair or acceptable (e.g., Wilkinson-Ryan & Baron, 2009; Furth-Matzkin & Sommers, 2020). Nevertheless, future studies could benefit from comparing lay and expert assessments to identify where expectations converge or diverge.

Our findings are also consistent with recent research suggesting that moral and social norms, while often aligned, may diverge in certain contexts (Schram & Charness 2015; Bašić & Verrina 2021). Personal moral norms, in particular, may remain stable even when a behavior becomes widespread or strategically useful (Hoeft et al. 2025). While we did not directly measure social norms, it is plausible that personal expectations about legal remedies (just like social norms) are more responsive to prevailing business practices than personal moral evaluations. For example, people may believe a tactic is morally wrong but still accept that it is not legally actionable if it is seen as common or institutionally tolerated.

These results have broader implications for legal theory. Some scholars argue that contract law should reflect moral judgment (Fried 2015; Eisenberg 2018), while others suggest it should be informed by normative expectations about the law itself (Jung 2020). Our results indicate that these are not always the same. Moral disapproval does not necessarily translate into support for legal redress. This suggests that lawmakers interested in aligning legal doctrine with public values should not assume that moral judgments and legal expectations are interchangeable. It is crucial to investigate what people believe the law should do — and why. Future work could also examine whether violations of moral norms and legal expectations produce different behavioral or emotional responses. It may be that breaches of legal expectations elicit stronger reactions than breaches of moral norms, or vice versa. Understanding these differences is essential for assessing the behavioral consequences of normative divergence.

7 Conclusions

Our studies provide valuable insights into the relationship between moral assessments and expectations about legal responses to lies in pre-contractual negotiations. While individuals often view certain deceptive behaviors as immoral, they do not always believe that such behavior should warrant a legal remedy such as the right to rescind a contract. This divergence is particularly evident in cases involving lies about product availability and alternative offers, where participants recognize the moral wrongfulness of the lies but are less inclined to support contract rescission. Conversely, lies about the subject matter of a contract and reservation prices elicit more alignment between moral condemnation and the belief that these lies should lead to rescindable contracts.

These findings hold consistently across Germany, Italy, and the United States, despite the significant differences in their legal systems and specific laws regarding deception in pre-contractual negotiations. This suggests that people's moral judgments and normative expectations about legal consequences are influenced more by the nature of the lie than by the legal context within which they operate.

Our results underscore the importance of considering not only moral wrongfulness but also other factors, such as the perceived consequences of the lie and prevailing business practices, when determining whether a lie should result in legal remedies. Our findings suggest that a nuanced understanding of the factors shaping normative expectations is crucial for making informed recommendations about the alignment of contract law with public morality.

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